

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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O 101927Z FEB 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 0573

C O N F I D E N T I A L OECD PARIS 04141

FOR ROBINSON (E) ONLY FROM FRANK (E)

EXDIS

E.O. 11652: XGDS1

TAGS: ETRD, OECD

SUBJECT: ISSUES RAISED BY THE MEETING OF THE HIGH LEVEL
GROUP ON COMMODITIES

1. THE HIGH LEVEL GROUP ON COMMODITIES MET ON THE AFTER-
NOON OF FEBRUARY 9 AND FINISHED WITH A MORNING SESSION
ON FEBRUARY 10. THE MEETING RAISED A NUMBER OF ISSUES
AND PROBLEMS IN WHICH YOU HAVE A SPECIAL INTEREST.

2. THE COMMUNITY EVIDENCED A GREAT DEAL OF SOLIDARITY,
RELUCTANT TO DISCUSS THE WORK PROGRAM OF THE COMMISSION
ON RAW MATERIALS, WITH THE REPRESENTATIVE FROM LUXEM-
BOURG SPEAKING FOR THE COMMUNITY ON THIS AGENDA ITEM.
IN THE DISCUSSION OF COMPENSATORY FINANCING, THERE WAS
NO COMMUNITY POSITION SO THE DISCUSSION WAS MUCH MORE
FRUITFUL. THE COMMUNITY WENT ALONG WITH U.S. PROPOSAL
FOR ANOTHER MEETING OF THE HIGH LEVEL GROUP JUST PRIOR
TO THE NEXT CIEC MEETING IN MARCH, USING RATIONALE
THAT MEMBERS OF OECD NOT PARTICIPATING IN CIEC SHOULD
BE GIVEN THE OPPORTUNITY TO EXPRESS THEIR VIEWS.

3. AT NEXT MEETING IN MARCH OF HIGH LEVEL GROUP, DIS-
CUSSION MAY TAKE PLACE CONCERNING BUFFER STOCK FINANC-
ING AND FINANCING OF INVESTMENT. YOU MIGHT WANT TO ASK
JULES KATZ TO PRESENT SOME OF YOUR IDEAS ON AN INTERNA-
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TIONAL RESOURCE BANK.

4. CHAIRMAN OF HIGH LEVEL GROUP, PRESTON (UK) NOTED THAT RECENT MINISTERIAL MEETING OF THE GROUP OF 77 IN MANILA OPENED THE DOOR TO BUFFER STOCK FINANCING BY THE UNCTAD "COMMON FUND...OR BY INTERNATIONAL FINANCIAL AGENCIES THROUGH A BROADER AND MORE LIBERAL FINANCING SCHEME FOR BUFFER STOCKS." THE MINISTERIAL MEETING ALSO CALLED FOR "HARMONIZATION OF STOCKING POLICIES AND THE SETTING UP OF COORDINATED NATIONAL STOCKS". THUS GROUP OF 77 SEEMS TO BE OPENING UP TO ACCOMMODATE MORE TO OUR APPROACH TO BUFFER STOCKS, BUT IN OTHER RESPECTS THE GROUP OF 77 IS HARDENING THEIR LINE, E.G., MORE EXPLICIT SUPPORT OF INDEXATION AS PART OF THE INTEGRATED PROGRAM FOR COMMODITIES AND LESS EMPHASIS ON SUPPLY ACCESS AS A COUNTERPART TO MARKET ACCESS. YOU SHOULD ASK IO TO PROVIDE FOR YOU A SET OF THE DOCUMENTS ISSUED BY THE MINISTERIAL MEETING OF THE GROUP OF 77 THAT REALLY STAKE OUT THE BASIC POSITION OF THE GROUP OF 77 FOR UNCTAD IV. SPECIFIC DOCUMENT FROM WHICH I QUOTED IS REPORT OF COMMITTEE I, ADDENDUM, COMMODITIES, 77/MM(III)/29/ADD. 1.

5. IMF OBSERVER AT HIGH LEVEL GROUP SUGGESTED THAT DECISIONS ON THE DISPOSITION OF THE IMF TRUST FUND MIGHT BE FINALIZED AT MEETING OF THE FUND BOARD FROM FEBRUARY 20 TO 27. THE DANGER OF THIS IS THAT OUR MOVES IN CIEC MAY BE MUCH MORE RESTRICTED IF THE DISPOSITION OF TRUST FUND RESOURCES IS A FAIT ACCOMPLI BEFORE THE FIRST SUBSTANTIVE MEETING OF CIEC. YOU MIGHT WANT TO TALK TO ED YEO AND SUGGEST THAT WE WOULD NOT LIKE TO CAVE ON OUR PROPOSAL TO TIE THE TRUST FUND TO COMPENSATORY FINANCING. THIS IS THE MOST CONTENTIOUS ISSUE AND IF WE KEPT A FIRM STAND, IT IS NOT LIKELY THAT DECISIONS WOULD BE MADE IN FEBRUARY.
TURNER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RAW MATERIALS, COMMITTEE MEETINGS, AGRICULTURAL COMMODITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 FEB 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP04141
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D760050-0858
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760264/aaaacdyl.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 20 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 APR 2004 by greeneet>; APPROVED <11 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ISSUES RAISED BY THE MEETING OF THE HIGH LEVEL GROUP ON COMMODITIES
TAGS: ETRD, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006